

CENTRAL INTELLIGENCE AGENCY

Memorandum



THE SITUATION IN VIETNAM

Information as of 1600
24 August 1966

State Dept. review completed

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HIGHLIGHTS

US Marines conducting Operation PRAIRIE have established contact with a well-entrenched enemy force five miles south of the Demilitarized Zone in Quang Tri Province. Farther south, an estimated battalion of Viet Cong inflicted heavy casualties today on a government militia company defending an outpost in Binh Thuan Province. On the economic front in the South, US Mission officials have reported some favorable indicators for the first time since the implementation of the government's reform program in June.

I. The Military Situation in South Vietnam:

Heavy fighting was reported near the DMZ as US Marines participating in Operation PRAIRIE encountered an enemy force in the Cam Lo River valley (Para. 1). A South Vietnamese Regular Force company was attacked by a battalion-size Viet Cong force today, resulting in 55 friendly killed (Para. 2). US Navy patrol boats on the My Tho River captured a Viet Cong sampan which contained a quantity of highly classified enemy documents (Para. 3).

II. Political Developments in South Vietnam:

As of 19 August, the previously inflated and precarious economic situation appeared to be taking a turn for the better (Paras. 1-2). Buddhist leaders in two coastal provinces are reportedly urging potential Buddhist voters to exercise disrupting tactics prior to and during the 11 September elections (Paras. 3-4).

III. Military Developments in North Vietnam:

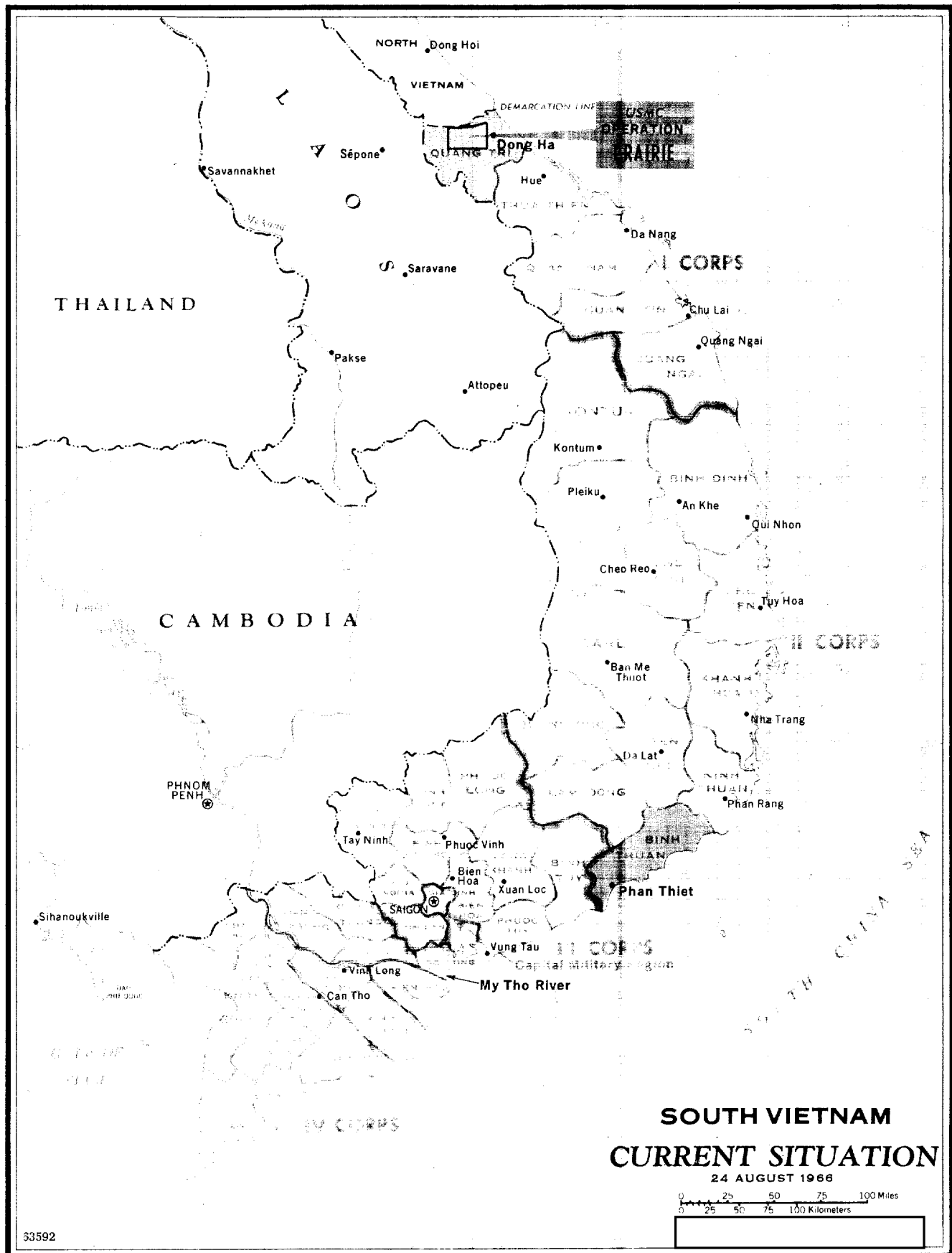
There is nothing of significance to report.

IV. Other Communist Military Developments:

There is nothing of significance to report.

V. Communist Political Developments:

There is nothing of significance to report.



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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. US Marines participating in Operation PRAIRIE in northernmost Quang Tri Province reported heavy contact with enemy forces last night and this morning. Company-sized elements of the 4th Marine Regiment encountered a Communist force well entrenched in fortifications and caves in the hills of the Cam Lo River valley, 18 miles west of Dong Ha and five miles south of the DMZ. Five Americans were reported killed in the action. A total of 17 enemy troops were killed and two captured. Contact was continuing according to the last report.

2. A South Vietnamese company defending an outpost near Phan Thiet in coastal Binh Thuan Province was attacked by an estimated battalion-size Viet Cong force early today. During the ensuing 25-minute battle, 45 South Vietnamese troops were killed and 22 wounded. Allied artillery and tactical air strikes supported the South Vietnamese. Friendly losses also included ten civilians killed and nearly 60 weapons captured. Eleven Viet Cong were killed, according to a South Vietnamese body count. A reaction force has been unable to re-establish contact with the enemy.

3. Six US Navy river patrol boats engaged an enemy force of unknown size about 35 miles southwest of Saigon on 23 August. The Communists were attempting to cross the My Tho River when the Navy patrol caught them, killing two Viet Cong and capturing a sampan which contained, among other things, a number of highly classified enemy documents. Enemy units on the banks of the river attempted to drive the patrol boats away with intense automatic weapons fire. The boats were only slightly damaged and there were no allied casualties reported.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. According to US Mission officials, economic and financial indicators during the week ending 16 August reflected the first healthy signs that the inflated economy is beginning to right itself since the devaluation of the piaster approximately two months ago. Prices for the five primary imports decreased. The free (black) market exchange rates for US dollars and for gold registered significant drops, apparently as a result of the tight credit situation and government sales of gold.

2. Last week, the price of pork reportedly fell by a third as a result of the increased level of hog deliveries to Saigon, in contrast to late July when only about half the normal number of hogs was leaving the provinces. Among several theories advanced to explain the return of the hogs to the Saigon slaughterhouse, the official Vietnamese version lays the blame on the Viet Cong. According to a Ministry of Agriculture official, the Communists have decided to allow freer delivery of hogs until a few days before the forthcoming elections when they will cut off the supply and erode the false confidence that is building now.

Election Developments

3. There are some reports that Buddhist organizations in the provinces are planning to do more than just exercise their "right not to vote" as they were instructed by the acting chairman of the Buddhist Institute in Saigon. [REDACTED]

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[REDACTED] in Phu Yen Province, Buddhist leaders there decided at a recent meeting to allow Buddhist voters to participate in the elections, but in such a manner that their ballots would be invalidated. This tactic would be accompanied, if circumstances permit, by outright theft of ballot boxes, demonstrations, and explosions in the vicinity of the polling places.

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[redacted] Buddhist leaders have called on their followers there to gather around the polls at mid-afternoon on election day in order to disrupt the large number of voters who are expected to arrive shortly before the polls close. Buddhist faithful in Khanh Hoa have also been urged to go through the voting procedure only for the purpose of invalidating their ballots.

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